United States
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August 1984

Foreign Agriculture

A Toast to
Successful Marketing

Marketing News

U.S. Sorghum Growers Conduct Seminars in Mexico

Mexico's poultry producers now have the latest information on sorghum use in livestock rations, and U.S. sorghum producers have opportunities for greater sales to an already strong market as a result of a recent technical mission undertaken by the **U.S. Feed Grains Council (USFGC)** and the **Grain Sorghum Producers Association (GSPA).**

This was the third annual grain sorghum mission to Mexico. Earlier missions in 1982 and 1983 concentrated on the beef and dairy sector and the swine sector. This year's seminars in Queretaro, Leon and Tepatitlan included an explanation of the differences between brown sorghum and U.S. yellow sorghum, as well as poultry nutrition, health and management.

The team concluded that Mexico's highly advanced poultry industry will continue to need large quantities of feed grains. Feeding tests are needed to demonstrate the difference between U.S. sorghum and brown sorghum. Such demonstrations, combined with technical assistance to livestock producers and to the grain handling and storage sector, along with increased credit assistance will be needed, according to a member of the team, if the United States is to maximize the potential of the Mexican market.

U.S. Participates in Helfex '84

The **U.S. Agricultural Trade Office** in London participated in Helfex '84 in Brighton, England, April 8-10. Helfex, a biennial health food show, was organized by the British Health Food Trade Association. Some 4,000 visitors from 13 countries viewed and sampled natural and whole foods, supplements, herbal medicines and natural beauty aids. In 1983, sales of these products in the United Kingdom reached $360 million; by 1990, this figure could reach more than $1.3 billion. Currently, Britain imports roughly 12 percent of its requirements of health food items; the U.S. share is barely 5 percent of the British imports.

MEF Names Latin American/ Caribbean Director

The **U.S. Meat Export Federation (MEF)** has appointed Don Hellbusch as Latin American/Caribbean Director. He will coordinate market development programs for U.S. beef, pork, lamb and variety meats throughout Mexico, the Caribbean, Central America and South America. He is based in the MEF/Denver office.

MEF Publishes Buyers' Guide for Variety Meats

The **MEF** has published a second edition of its "Variety Meats from the USA — A Buyer's Guide" to assist international buyers and sellers of U.S. variety meats. The guide, first published in 1979, establishes a numbering system and standardized nomenclature to give buyers and sellers of U.S variety meats a common starting point for an export transaction.

The book was recently updated to include minimum specification guidelines for more than 40 beef, lamb and pork variety meats, with the addition of 30 specialty items, such as beef feet, lamb casings and pork skins. It is available in three editions: Japanese/ Chinese/English; French/German/English; and Spanish/English. Copies are available through MEF's domestic or overseas offices. For more information, call (303) 399-7151.

The Magazine for Business Firms Selling U.S. Farm Products Overseas

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If image and pricing problems can be overcome, strong market development efforts could pay off in U.S. catfish sales to Japan.

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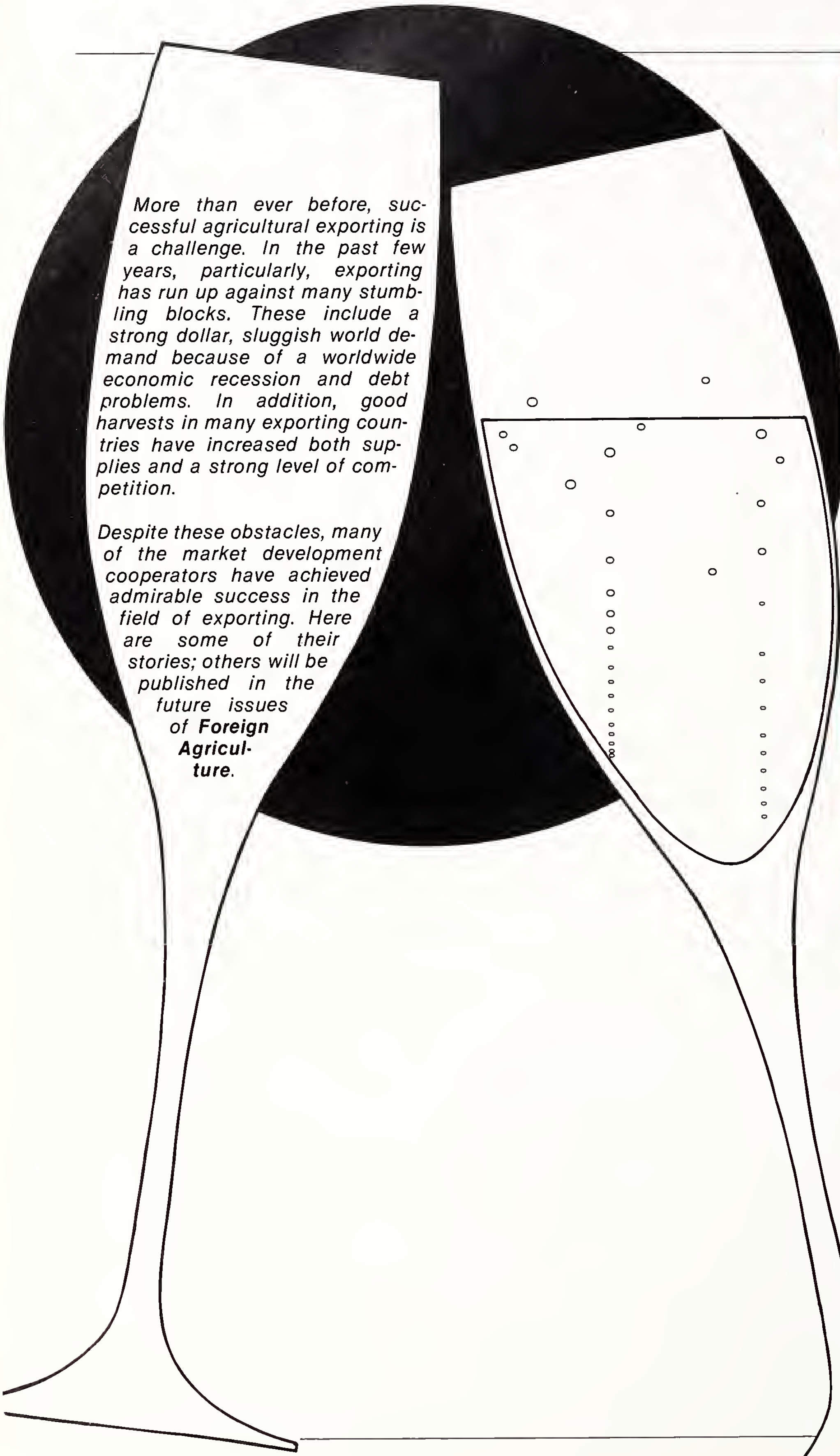
A Toast to Successful Marketing



More than ever before, successful agricultural exporting is a challenge. In the past few years, particularly, exporting has run up against many stumbling blocks. These include a strong dollar, sluggish world demand because of a worldwide economic recession and debt problems. In addition, good harvests in many exporting countries have increased both supplies and a strong level of competition.

Despite these obstacles, many of the market development cooperators have achieved admirable success in the field of exporting. Here are some of their stories; others will be published in the future issues of ***Foreign Agriculture****.*

Paul Masson Vineyards

Bucking a trend of declining exports of U.S. wines, Paul Masson's sales grew roughly 15 percent in 1983, compared to a 21-percent drop for total exports by the United States.

Paul Masson, which participates in FAS' Export Incentives Program, is usually No. 1 or No. 2 in the export column. Much promotion concentrates on the United Kingdom, Venezeuela and the Benelux countries. In the United Kingdom, Paul Masson ranks fifth in sales of branded wines.

Paul Masson Vineyards say that California wines have great potential in Europe but that rival exporters—such as France, Germany, Italy and Austria—are spending more on advertising and other promotion devices to market their wines than is the United States.

National Peanut Council

Three years of working with KP, the United Kingdom's brand leader in salted and roasted peanuts, has paid off for the National Peanut Council. KP now gets most of its peanuts from the United States. KP has half of the market for cocktail peanuts, and has developed a marketing strategy that equates "best" with U.S. peanuts.

The council and KP introduced dry roasted nuts and another new product—a peanut snack with chocolate chips and raisins—was added to store shelves in 1983. Promotion was aimed at the youth market.

In France, the world's No. 1 importer of peanuts, the council stresses the versatility of peanuts. In the past, France used the nut mainly for crushing. Between 1979 and 1980, however, non-crushing uses, such as out-of-hand snacks, grew more than 25 percent.

In 1982 the council cooperated with Mayolande, France's biggest peanut processor, in introducing dry roasted nuts—their first new

product supported by nationwide distribution and promotion. Mayolande uses nothing but U.S. peanuts and the market continues to grow. Research surveys show that about half of the buyers of the product had never eaten peanuts before the promotion.

Peanuts are not new to Spain, but they have been sold primarily in bulk form to distributors and then to retailers. Thus, shoppers could not tell where the peanuts came from. Over the past three years, the council has worked with a Spanish firm on a nationwide promotion emphasizing the quality of U.S. peanuts. Other processors have since joined the campaign to market branded products at retail. U.S. exports of peanuts to Spain in 1982 nearly doubled, and now account for more than half of Spain's market.

U.S Feed Grains Council

Activities of the council focused on trade servicing and technical assistance to overseas markets for feed grains.

In the People's Republic of China, for example, the council's president signed a "Memorandum of Understanding" with an official of the China National Feedstuff Corporation to develop a pre-mix/concentrate feedmill to train the Chinese in design, technology and management. This will provide the foundation for building as many as 400 feedmills, and augers well for larger U.S. exports.

Egyptians need more red meat. They also want more water buffalo milk. The council, working with Land O'Lakes, tested a water buffalo milk replacer that enables calves to be weaned and fed to slaughter weights on grain-based rations. In Egypt alone, this could build feed grain demand by 654,000 tons (over $77 million) and the technology could spread to other developing countries using water buffalo as a red meat source.

The council was a prime mover in putting a European buyer in touch with Illinois farmers. This arrangement could lead to a 10-million bushel sale in 1984. For two years, the council gave the would-be buyer samples of hybrids designed to meet the client's specifications. An agricultural cooperative contracted with Illinois growers to plant the hybrid seed selected by the buyer.

This transaction will generate added revenue for the United States, and could also result in winning a larger share of Europe's market away from competing countries.

West Africa is ripe for market development, considering the region's growing poultry industry, expanding population, and gains in personnal income. The council opened an office in Lagos, Nigeria, to serve the area. Nigeria alone imports some 480,000 metric tons of U.S. grains, and the council foresees as much as 1.4 million tons five years from now, which would give the U.S. 85 percent of the market.

California Table Grape Commission

The California table grape industry, with help of a bumper crop and worldwide promotion, reported record profits for 1982/83. Exports increased 9 percent to over 31,000 metric tons, not including Canada.

The commission's work in Hong Kong resulted in sales of 10,000 tons, making the United States the first country other than Canada to pass this mark.

The commission also cooperated with agencies in Japan, the Middle East, Guatemala and West Germany. Promotion included newspaper and television advertisements, in-store demonstrations, point-of-sale materials and contacts with the trade.

Exports had increased only modestly prior to market development. During the 10 years the commission has worked with FAS, exports rose by over 55 percent. Total exports of table grapes went up 10 percent a year on average.

Poultry and Egg Institute of America

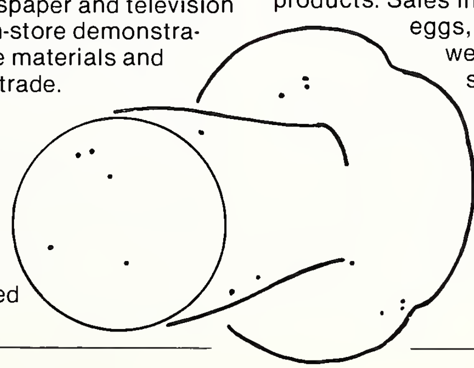
The Poultry and Egg Institute of America (PEIA)—now known as the U.S. Poultry and Egg Export Council—held in-store promotions and demonstrations in Singapore, and cooperated with supermarkets in food fairs sponsored by the United States.

At one in-store demonstration, sales of U.S. duckling doubled; sales of turkeys rose by a fifth. For the first time, PEIA joined a supermarket chain to cater to low-income shoppers with samples and distribution of recipes. Sales of U.S. chicken parts, ducks and turkey trebled.

A Japanese meat packer tested U.S. processed turkey—turkey ham, turkey vienna sausages, turkey bologna, meat balls and burgers—at the request of PEIA. This company alone expects to import 1,000 metric tons a year.

The U.S. share of Hong Kong's chicken market dropped 40 percent in 1983 following a news item saying chicken causes cancer. This story pertained only to locally raised chickens, and PEIA—with the help of USDA authorities—assured clients through the media and advertising efforts that U.S. birds do not contain the hormonal substances in question. Business is back to normal.

PEIA also staged a menu promotion with the Sheraton Hotel chain in Hong Kong, featuring U.S. poultry and egg products. Sales increased by a fifth. U.S. eggs, ducks and duck parts were promoted by a local supermarket chain, resulting in a sales increase of more than 25 percent.



A leading Hong Kong importer contributed U.S. poultry products for a sampling of a full line of items by the Chef's Association. Sales reportedly grew 35 percent following this event.

U.S. processed turkey products made a debut at airport restaurants in Austria as part of "American Weeks."

In Germany, PEIA promoted U.S. turkey thighs and drumsticks at the 1983 Sales Spring Fair. PEIA was the only marketing organization that participated in the event.

In Switzerland, PEIA joined a supermarket chain to test-market and advertise turkey drumsticks; sales could reach $120,000 a year. In Belgium/Luxembourg, U.S. turkey snacks are now included on a hotel's room-service menu, as well as the menu for the garden terrace.

In the United Kingdom, U.S. kosher poultry products are back on the shelves, following a major campaign supported by PEIA to assure consumers that the U.S. line meets health regulations. In South Africa, color advertisements in major newspaper opened up new markets for U.S. turkey growers.

Sunkist Growers, Inc.

Sunkist Growers (cooperating citrus growers of California and Arizona) typifies what can happen when an organization takes advantage of FAS's Export Incentive Program (EIP).

Growers in California and Arizona joined the program in the 1973/74 season. By 1981/82 Sunkist exports had increased 75 percent, from $76 million to over $132 million. Promotional costs during this period were less than 3 percent of export sales; FAS's contribution was under one-half of 1 percent of sales (FAS reimburses EIP participants for part of their promotional outlay if they meet certain criteria).

Over the past five seasons, Sunkist exports of fresh citrus rose from $7,000 to $796,000.

Determined to open virgin markets for its citrus, Sunkist focuses on increasing consumer awareness of the availability of citrus. Local growers also benefit by this approach. Sunkist limits promotion to periods when local supplies are virtually nonexistent.

Few Australians had heard of Sunkist until the organization began airing radio spots in cooperation with chainstores. In return, retailers advertised Sunkist oranges in media they normally use, thus giving the product added exposure in newspaper, radio, television and displays in retail stores.

Sunkist's first attempt to penetrate the Taiwanese market proved a failure because U.S. oranges were different from the local product and the price was higher.

Then FAS succeeded in getting access to this restrictive market and provided funds for advertising and other promotion. Timing for renewed shipments to Taiwan was perfect, as its crop was showing the effects of bad weather.

Cotton Council International

Bringing buyers and sellers together is the keystone of the council's market development program. For example, the U.S. Cotton Orientation Program—begun in 1968—is giving the representatives of foreign cotton spinning mills the opportunity to see the U.S. cotton belt, and to observe how cotton is bred, grown, harvested and handled.

A program for Asian mill representatives resulted in sales of some 50,000 bales valued at over $15 million. U.S. cotton and the market development program also netted publicity in Japanese newspapers.

The council held a special program for members of the cotton spinners organizations of the Association of South East Asian Nations (ASEAN), resulting in a sale of 10,000 bales of U.S. cotton.

U.S. Meat Export Federation

More than 70 organizations contribute to the U.S. Meat Export Federation (MEF), which spends $1 out of every $5 of its budget on overseas market development programs. In fiscal year 1983, the total rounded out to over $2.7 million—from U.S. industry members, non-MEF members, third party cooperators and FAS.

In Belgium, a chain of more than 100 supermarkets promoted U.S. beef tongues through in-store demonstrations and posters stressing superior quality. Each promotion ran one week over a three-month period. Sales increased over 300 percent.

To gain a foothold in Japan's lucrative market, a U.S. restaurant franchise, Victoria Station, introduced American-style prime rib to the Japanese consumer beginning in 1980. Victoria Station opened restaurants and publicized U.S. prime rib using a range of media—leaflets in restaurants, newspaper advertisements, "set menus," television commercials and a televised beef tasting contest. In 1982/83, the franchise operation reported that sales of prime rib jumped a fifth over the previous year.

Also in Japan, MEF hosted two seminars on the U.S. grain-fed beef and the pork industries, attended by more than 360 government representatives, importers, manufacturers and end-users. Following the beef seminar, the agency that controls one-tenth of Japan's beef imports added profitable U.S. beef cuts previously excluded in its beef tenders.

The Middle East region buys about a fifth of all U.S. exports of processed and canned beef. Because many consumers don't know how to prepare these meat dishes, MEF developed 15 recipes adapted to regional tastes and methods of preparation for distribution to consumer publications. The magazines that printed the recipes have a combined readership of 5 million.

Trinidad and the Dominican Republic prefer pork meat from Canada, but MEF aims to have them switch to U.S. sources. The federation gave industry leaders of the two countries the opportunity to meet with U.S. pork processors and packers and to tour U.S. research facilities, stockyards and producer operations.

Impressed by the array of U.S. products, the visitors reported that they had changed their perception of the United States as a potential supplier. MEF estimates this effort alone will generate additional sales of up to 300 metric tons of pork meat.

A mail order firm in Hamburg, West Germany, began featuring grain-fed beef in 1982 with some success, but U.S. sales were lackluster. MEF stepped in with a leaflet, including a price list and mail order card, describing the quality of grain-fed beef and types of steaks offered through the firm. Within two months, U.S. beef sales increased 400 percent.

Rice Council for Market Development

The Rice Council's success story in Iraq goes back to 1975 and the start of a trade and technical servicing program for the State Organization for Grains and the Iraqi Grain Board. The council's director of international relations made regular visits to Iraq. Also, technicians from Iraq came to the United States for training in rice grading, analysis and quality control.

Prospects for continued large exports to Iraq appear excellent, assuming U.S. rice is competively priced and credit is available. Iraq's rice consumption is increasing about 10 percent a year but its limited water supply is curbing rice production.

Washington Apple Commission

Since Washington's apple production has nearly doubled in the past 10 years, exports are more vital than ever. During 1978-83, more than a fifth of output was exported, against only 3 percent in 1968-73. Through promotion, market shares of Washington apples expanded in Scandinavia and the United Kingdom. In Southeast Asia, sales gains were made by lengthening the marketing season to 10 months to compete with Southern Hemisphere apples.

Television and point-of-sale promotions in Taiwan in 1983 boosted sales by almost 50 percent. Exports to Hong Kong rose 23 percent, again through television and point-of-sale advertising. Trade contacts plus promotion are paying off in Singapore and Malaysia and other fast-growing markets in Southeast Asia. ■

These marketing success stories are excerpted from the 1983 Achievement brochure published by the Agricultural Export Development Council. For further information, contact Helen Miller, Executive Coordinator, 600 Maryland Ave., S.W., Suite 510, Washington, D.C. 20024.

Transport-Oriented Trading Companies: What They Can Do

By Kay McLennan and Tracey Kennedy

Transportation charges account for a large portion of export marketing costs—and one way to reduce them is through the formation of an export trading company oriented to providing transportation and freight forwarding activities.

Many U.S. exporters—particularly small firms with annual exports of less than $1 million—tend to lose control of export transportation charges because they sell their products f.o.b. (free on board).

F.o.b. sales leave it up to the buyer to assume the risk for volatile freight rates, scheduling, and other uncertainties. But actually, this practice means that the seller relinquishes control over one of the most important elements affecting the cost of his product in the international marketplace. The seller can end up losing a sale if the buyer isn't savvy about negotiating favorable transportation rates.

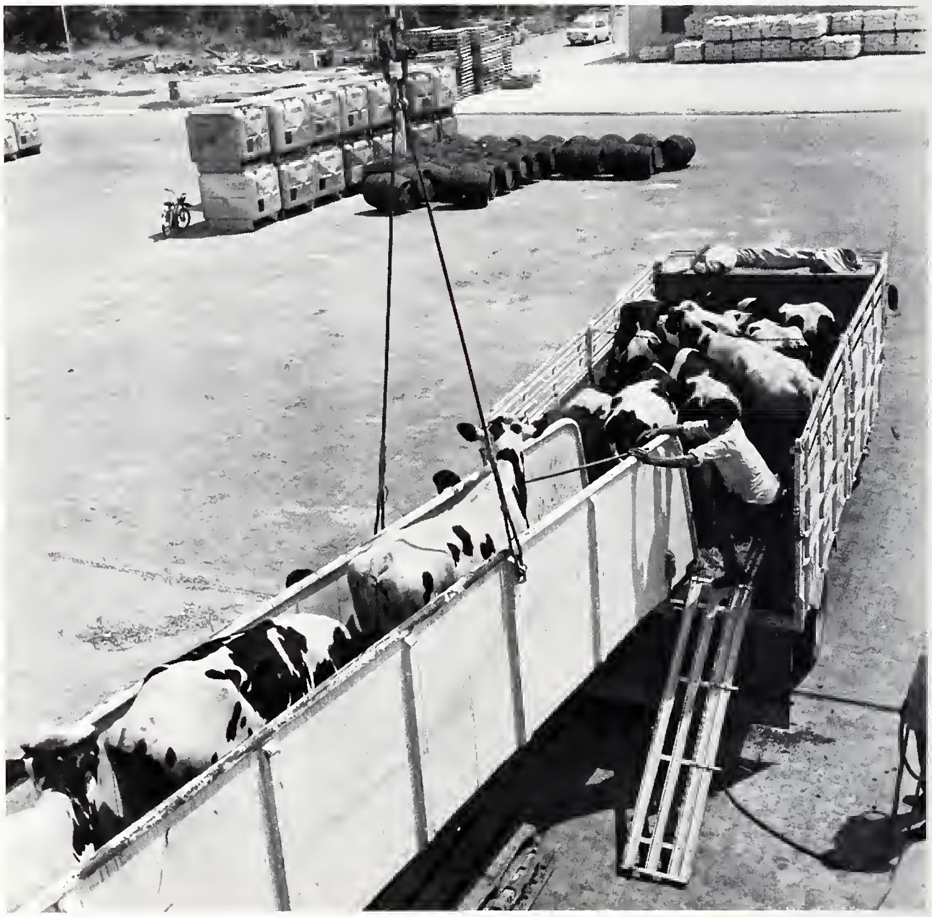
How A Transportation-Oriented Trading Company Can Help

Export trading companies can be built around virtually any combination of investors, users or suppliers. This means that a trading company organized to provide transportation services not only can do a better job of coordinating the movement of goods to ports and then overseas, it also can eliminate various transaction costs.

For example, Pacific Agricultural Cooperative for Export, Inc. (PACE), is a joint exporting venture organized around achieving international transportation economies under the Webb-Pomerene Act.

The Webb-Pomerene Act of 1918 allows domestic competitors to form export cartel-like (horizontally integrated) associations that are exempt from domestic antitrust laws for the purpose of fixing prices and allocating foreign market shares.

The Export Trading Company Act of 1982 is similar to this earlier legislation in that it provides certain antitrust immunity to companies joining together



Freelance Photographers Guild

to expand trade. However, the 1982 legislation also provides for a certification process for limited antitrust immunity and allows the integration of service entities and banks into joint ventures.

Although not technically an export.trading company, the PACE experience is indicative of the kinds of savings that can be realized through a joint effort.

PACE reports it has been able to arrange ocean conference rate reductions of as much as 50 percent for its members. This has translated into a savings of $50-60 a ton on one product.

PACE has also explored nonconference shipping options and worked with the Southern Pacific Railroad in developing options for shipping to Gulf ports by rail and then by ocean vessels to Europe.

Several other organizations have also accomplished cost reductions in transportation by providing services that exemplify the functions of an export trading company organized around transportation.

Such groups as Citrus Shippers United and the California Avocado Export Association have achieved significant economies by consolidating small shipments to common destinations, as well as providing other marketing functions.

Potential Service Combinations

Transportation-oriented businesses which could conceivably band together successfully in an export trading company include:

- shippers' associations—which consolidate shipments for export firms.

- Webb-Pomerene and other associations—which can negotiate rate reductions with carrier conferences or devise alternative modes or routes for their members' cargoes.

- freight forwarders—who arrange for transporting products to overseas buyers, including document preparation and less-than-containerload shipment consolidation.

• brokers—who locate cargoes and make arrangements either for the shipper or carrier.

• carriers—who move the cargoes to air or water ports in the United States via truck, rail, barge or air—or handle shipment to foreign buyers. Internationally, agricultural products move by liner and charter vessels, as well as overland and air to Canada and Mexico.

• port authorities—which own, operate and invest in wharf, dock and terminal facilities at ports.

• nonvessel operating common carriers—which consolidate and disperse containers.

Other aspects of the distribution of products (such as documentation, collection, packing and warehousing) could also be included in an export trading company oriented toward transportation.

Where To Get More Information

If you are interested in setting up your own export trading company oriented toward transportation, or "piggybacking" onto an existing organization, you may wish to order "The Export Trading Company Guidebook" published by the U.S. Department of Commerce. It is available for sale by the Government Printing Office for $4.75.

You may also wish to contact your commodity association representatives as well as magazine publishers in your agricultural specialty. These people are knowledgeable and may be able to help you select firms to approach regarding "piggybacking." ■

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A recent survey of fresh fruit and vegetable exporters by USDA's Office of Transportation revealed markedly different approaches towards transportation, depending on a firm's export sales class. Awareness of and attitudes towards export trading companies also were closely related to the overall sales level.

Traffic Departments

Annual export level:	Percent of firms with own traffic departments	Usual no. of persons in department
Less than $1 million	17	1
$1-5 million	45	2-5
$5-10 million	50	5-10
More than $10 million	67	2-5

Terms of Sale

Annual export level:	Percent of firms shipping			
	F.o.b.	F.a.s.	C.& F.	C.I.F.
Less than $1 million	75	17	8	—
$1-5 million	55	11	17	17
$5-10 million	46	16	23	16
More than $10 million	20	20	30	30
Average, all groups	51	15	19	15

Export Trading Act Awareness

Share of firms' annual sales attributed to exports	Percent of firms familiar with Act
Less than 5 percent	29
5-9 percent	40
10-24 percent	60
25-49 percent	60
50 percent or more	50
Average for all respondents	48

Desired Trading Company Functions

Activity	Percent of total respondents ranking as important
Reporting foreign market conditions	62
Negotiating rate reductions with carriers	57
Handling transportation functions	52
Taking title to goods exported	52
Reporting trade leads	43
Performing freight handling functions	29
Establishing pricing policy for export items	24
Engaging in importing, countertrade or other trade activities	24
Maintaining overseas sales offices	21

Fact File

Glossary of Ocean Transportation Terms

A precise definition of trade and transportation terms is essential to avoid misunderstandings on the part of importers and exporters. At times, it is helpful to include definitions as part of the sales contract, thereby making them legally binding upon all parties.

Following is a glossary of terms relating to ocean transportation for agricultural products, as well as other trade terms related to shipping.

Abandonment: An insurance term indicating that damage suffered by a vessel is severe enough to constitute a constructive total loss. The term also refers to the refusal of a consignee to accept delivery of freight so badly damaged in transit that it is worthless.

Admiralty: Refers to maritime law, both civil and criminal.

Agency fee: A charge by the ship's agent or owner for services while the ship is in port.

Alongside: The side of the vessel. Goods to be delivered alongside are to be delivered to the dock or lighter from which they can be loaded aboard the ship.

Bale cargo: Goods wrapped in burlap or similar material for waterborne transportation.

Berth: The place beside a pier, quay or wharf where a vessel can be loaded or discharged. If a vessel is chartered for loading "on berth," the contract of affreightment is called "berth charter."

Bill of lading: A document signed by the vessel master or other authorized person on behalf of the carrier, furnishing written evidence for the conveyance and delivery of merchandise to a specified destination. It is both a receipt of goods and a contract to deliver them.

Bottom: Usually synonomous with "vessel"or "ship." A ship of U.S. registry may be referred to as a "U.S. bottom." If registry is other than U.S., the ship, in U.S. usage, may be called a "foreign bottom."

Box: Longshoreman's jargon for container.

Bulk cargo: A shipment such as oil, grain or ore which is not packaged, baled, bottled or otherwise packed and which is loaded without counting or marking. There are two types of carriers: the dry-bulk carrier and the liquid-bulk carrier, better known as a tanker.

C.I.F. (cost, insurance, freight): Means that the seller's price includes the cost of the goods, the marine insurance and all transportation charges to the named point of destination. C.A.F. (coute, assurance, fret) is the French form of C.I.F.

Similar terms include: C.& F. (cost and freight); C.F.I. (cost, freight and insurance); C.I.F. & C. (cost, insurance, freight and commission); C.I.F.C. & I. (cost, insurance, freight, commission and interest); and C.I.F.I. & E. (cost, insurance, freight, interest and exchange).

Coasting trade: Trade between ports of the same country as contrasted with trade between foreign ports. It is sometimes referred to as "cabotage."

Commercial invoice: Record of the transaction between a buyer and seller.

Conference: Conferences operate in most of the world's trade routes. The basic objectives of conferences are to reach agreement among members with respect to transportation rates and other conditions for carrying goods or passengers, and to strengthen the members' lines through cooperative action. A "steamship conference" is a voluntary association of steamship lines that make scheduled sailings over a trade route.

Consignee: The person or firm to whom goods are consigned as stated on the contract of affreightment.

Consignor: The person named in a contract of affreightment as the one from whom the goods have been received for shipment.

Consular fee: Charged by a consular agent in an exporting country for certifying that an invoice for merchandise is correct. Consular fees also may be charged for other services, such as visas.

Consular invoice: Covers a shipment of export goods certified by a consular official of the country of destination.

Containerization: A method of shipping merchandise. In the broadest sense, containerization is the use of a box in which to ship merchandise. The box may be with or without wheels, with or without refrigeration equipment, ventilated or unventilated, and manufactured in varying sizes.

Containers reach seaport by motortruck, rail or barge. (In some types, the barge itself is a floating container.) At the seaport, the containers are put aboard ship, usually with handling equipment. A ship specially constructed to handle containers is referred to as a "container ship."

Containerization has given rise to a number of special terms. "Box" is longshoreman's jargon for container, and the work of filling containers is known as "stuffing boxes." Intermodal transport refers to the capability of container units to be handled efficiently by various carriers. For example, because containers in one type of system have common handling characteristics and have the same size, they may be transferred readily from highway motortruck to railroad to ocean carrier, in a complete origin-to-destination movement. "LASH," an abbreviation of "lighter aboard ship" refers to a system of carrying cargo aboard ships in floating containers or lighters. "Roll on-roll off" or "ro-ro" refers to ships which permit containers to be driven on or off without use of special cranes.

Contraband: Goods smuggled into a country to avoid payment of customs duty.

Contract of affreightment: A contract with a shipowner to hire the ship, or part of it, to carry goods. The contract generally takes the form of a charter party or bill of lading.

Deferred rebate: The return of a portion of the freight charges by a carrier or a conference to shippers in exchange for giving all or most of their shipments to the carrier or conference over a specified period, usually six months. The deferred rebate system is illegal in U.S. foreign commerce, but it is generally accepted and used in ocean trade between foreign countries.

Demurrage: The detention of a vessel beyond the time allowed in the vessel's charter party for loading, unloading or sailing. Also refers to the allowance or payment made to the master or owner of the ship for such detention.

Discharge: To unload the cargo of a ship.

Documentary instructions: Description and enumeration of shipping documents which the buyer requires from seller.

Ex (point of origin): The point at which the price is quoted, such as Ex factory, Ex mill, or Ex warehouse.

Ex dock (point of importation): The price quoted includes all additional costs necessary to place the goods on the dock at the named point of importation, duty paid, if any.

F.A.S. (free alongside steamer): Used in sales price quotations indicating that the price includes all costs of transportation and delivery of the goods to the dock. The buyer is then responsible for having the goods loaded on board and paying the cost of shipping from that point on.

Fighting ship: A vessel used by a carrier or conference to prevent or reduce competition by driving an independent carrier out of the trade. This is accomplished by having the fighting ship sail between the same ports and on the same schedules as the independent carrier and charging lower freight rates. The use of fighting ships in U.S. foreign commerce is illegal.

Floating elevator: Machinery erected on a floating structure. Generally used for transferring grain from barges to the holds of ships or vice versa.

F.O.B. (free on board): Terms of sales which define a buyer's and a seller's responsibilities for physical delivery of goods and the expense to be assumed by each party.

Similar terms include:

F.O.B. named inland carrier: Seller must place the goods on the named carrier at the specified inland point and obtain a bill of lading. The buyer pays for the transportation.

F.O.B. freight allowed: The same as F.O.B. named inland carrier, except the buyer pays the transportation charge and the seller reduces his invoice by a like amount.

F.O.B. freight prepaid: The same as F.O.B. named inland carrier, except the seller pays the freight charges of the inland carrier.

F.O.B. named point of exportation: Seller is responsible for placing the goods at a named point of exportation at the seller's expense. Some European buyers use this form when they actually mean F.O.B. vessel.

F.O.B. vessel: Seller is responsible for goods and preparation of export documents until actually placed aboard the vessel.

Free in and out (f.i.o.): Physical loading and discharging costs as they apply to the vessel. The buyer and seller of the cargo are responsible for discharging and loading costs.

Free out (f.o.): Discharging costs as they apply to the vessel. The buyer of the cargo is responsible for discharging costs.

Freighter: A freight or cargo-carrying vessel.

Full berth terms (F.B.T.): Indicates that the buyer or seller of the cargo is not responsible for loading and discharging costs.

General cargo: Miscellaneous goods carried in units or small quantities which vary in weight, size, condition, nature and class.

Intermodalism: Refers to the capability of container units to be handled efficiently by various carriers.

Lighter: A small ship or barge used to load or unload cargo from larger vessels.

Lighter aboard ship (LASH): Refers to a system of carrying cargo aboard ships in floating containers or lighters.

Lighterage:The rate of charges, or total charges, for lighter services.

Liner: A vessel that operates in a freight service market as a common (public) carrier. It operates on a regular route and schedule. Some liners carry freight only; some a varying proportion of freight and passengers; some only passengers.

Longshoreman: A worker who loads and/or discharges vessels. Occasionally the word "longshoreman" is used to designate laborers who do the work, and "stevedore" applies to the contractor or boss who hires longshoremen.

Marine insurance: Can protect against loss anybody who has an interest in goods exported or imported. Usually this is the seller, but sometimes the buyer can benefit when the seller arranges insurance on the buyer's behalf. The buyer has the greatest risk on a shipment sold ex-seller's warehouse; the seller has the greatest risk on a shipment sold f.o.b. buyer's warehouse. Other terms of sale split the risk at some intermediate point during transit. If the seller collects by draft, he has financial risk until the buyer pays the draft. If the buyer does not pay for delivered goods, the risk of loss falls back on the seller.

There are two main types of ocean cargo policies: The open policy is used when the foreign trader exports or imports regularly. It covers all shipments of the foreign trader. It stays in the United States and is not negotiable. The "special policy or certificate" is used when the seller has an occasional shipment or must supply evidence of insurance to banks or buyers, or to buyers who want losses paid at destination.

Marine insurance certificate: A form that certifies that a shipment is insured subject to the insurance clause or terms shown on the certificate. The certificate is a negotiable instrument and is accepted by banks when properly endorsed.

Ocean freight differential (under P.L. 480): The cost by which the ocean freight bill for the portion of P.L. 480 commodities required to be carried on U.S. flag vessels exceeds the cost of carrying the same amount on foreign flag vessels. This amount is paid by the Commodity Credit Corporation.

Package cargo: Cargo packed in boxes, barrels, crates and bales. Also called package freight.

Palletization: A method of stowing goods on pallets or trays, which are then handled with fork lift trucks and trailer tractors.

Roll on-Roll off (Ro-Ro): Ships which permit containers to be driven on or off without use of special cranes.

Shipper's export declaration: A form required by the U.S. Government for the compilation of statistics on trade. It is required for all commercial shipments leaving the United States, except mail shipments of small value.

Tanker: A vessel specially designed for transporting fluid cargoes in bulk but also used for the transport of grain.

Tramp ship: A ship that operates in a freight services market as a contract (private) carrier. Unlike a liner, it does not have a regular schedule or route. Tramp ships carry cargo of any kind not requiring special design, and to any destination where harbor conditions will permit.

Unitization: The consolidation of a number of individual items into one large shipping unit for easier handling. It is also the securing or loading of one or more large items of cargo onto a single structure, such as a pallet.

Sushi Goes American With U.S. Catfish

Embassy of Japan

By William L. Davis

With an eightfold increase in production over the last 10 years, U.S. catfish producers are beginning to look at foreign markets to increase sales.

As part of their efforts to tap this potential market, representatives of Catfish Farmers of America (CFA) went to Japan in March to promote U.S. catfish at the Harumi International Hotel and Restaurant Show in Tokyo.

Curious visitors gathered at the CFA booth in the U.S. foods pavilion to sample sushi and tempura made with catfish. Reaction to product quality and taste was generally positive.

In addition, a CFA industry team met with several major restaurant buyers, retailers, processors and distributors to discuss the market potential for catfish.

Promotional Efforts Paying Off

One Japanese freshwater fish processor and distributor was interested in buying U.S. catfish dressed whole—with the head and internal organs removed. This company planned to cut the fish into fillets and nuggets or prepared precooked entres for distribution to supermarkets and school lunch programs.

The company estimated it would need about 500 tons a year after a year or two of market testing. However, that estimate was based on a landed price of 400 yen per kilogram (about 80 cents per pound), far less than the current landed price estimate.

A buyer for one of Japan's largest fast food restaurants indicated interest in a breaded, fried fillet dish and an assorted fried prawn, squid and catfish nuggets dish. This buyer thinks that 240 tons of catfish a year can be used

this way with good prospects for doubling the volume in time. The CFA team agreed to send a test shipment of breaded and unbreaded fillets and nuggets for inspection by this potential buyer.

The declining availability in Japan of white meat fish from the sea could help open the market for U.S. catfish. A high feed conversion ratio, relatively short maturation period and year-round availability are also marketing advantages for U.S. catfish.

Product Image Important

Its relatively high price and a negative public image of catfish are two major factors which need to be overcome to open the market for this product. Many Japanese consumers, particularly those in urban areas, believe that catfish has a muddy flavor and greasy skin.

Therefore, most potential commercial buyers in Japan think it would be necessary to market catfish under another name such as American white fish. Exporters should keep in mind, however, that any name adopted for exports must be properly registered under Japan's trademark law.

Market Potential Exists

Japan obtains about half its animal protein from seafood and it is estimated that Japanese purchases of U.S. catfish could reach as much as 1,000 tons annually within a few years.

As with most kinds of fish, catfish can be imported into Japan free of quota restrictions.

Sales success will, however, depend on whether U.S. marketers can establish an image for catfish as a cultivated, tasty white meat fish, retain capable agents for general publicity and sales, meet customer specifications, service the market by frequent visits and offer stable prices. ■

The author is the U.S. agricultural counselor in Tokyo.

Commercial Catfish Production Limited in Japan

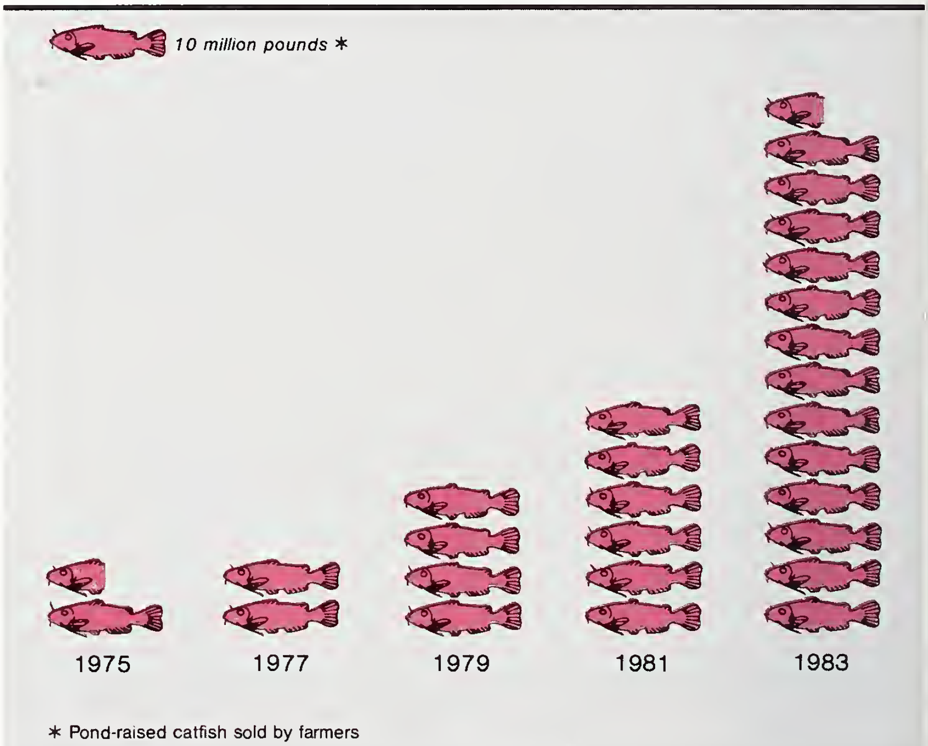
Japanese catfish, called namazu, once were an important source of protein in inland Japan where the fish thrived naturally in rice paddy irrigation creeks. However, availability is diminishing.

According to trade rumors, U.S. catfish were first "smuggled" into Japan by a Japanese baking company president some 10 years ago. The smuggled catfish fingerlings were donated to the fisheries' aquaculture testing station in Kazo City, Saitama. Located in the old center of Japanese namazu production, the station has developed a culturing method for American catfish to suit climatic conditions in Japan.

Its program concentrates on hatching catfish to supply farms in the Saitama and Ibaraki prefectures, the only commercial catfish producing areas in Japan. Not more than 100 farms are engaged in catfish culture and there are no cooperatives or other grower associations except for a study group of 20 farms.

The American catfish which the station has cultured can grow from spring to fall at a minimum water temperature of 22 to 23 degrees centigrade. Since they hibernate when temperatures fall below 10 degrees centigrade, they take at least 18 months to grow to a market weight of one kilogram.

U.S. Catfish Production Increases Sharply



Country Briefs

Austria

Efforts To Develop Grain Exports Paying Off

Austria's hope of becoming a permanent grain supplier for the USSR apparently has come true. Reports indicate that the two countries are on the verge of signing a long-term agreement possibly for as much as 300,000 tons of grain annually. During 1982/83, Austria shipped 100,000 tons of wheat and 11,000 tons of corn to the Soviets. The Austrians generally run a huge trade imbalance with the Soviets because of their large gas purchases, so the grain deal represents a substantial gain for their economy.

Austria also is discussing a long-term agricultural export plan, primarily involving grains, with East Germany. During the 1982/83 marketing year, the Austrians shipped the Germans about 100,000 tons each of wheat and barley and 40,000 tons of corn. Austrian trade with the GDR generally is based on credits or barter.

Total Austrian grain exports were about 675,000 tons in 1982/83 and are forecast to reach about 800,000 tons in 1983/84.—*Nicholas M. Thuroczy, Agricultural Counselor, Vienna.*

China

Tea Production Losing Out

China may lose its reputation as the "home of tea" unless measures are taken to improve management of the tea production and marketing system, according to Chinese officials. Last year, China's tea production registered the first decline in 20 years—dropping by 15,000 tons to about 382,000 tons. China now accounts for only 10 percent of world trade in tea, versus 90 percent in the late 1800s.

Last year's decline is attributed to decreasing domestic and export sales, which caused a cutback in production. However, officials noted that there is considerable room for growth in China's domestic consumption, which at present averages about 150 grams annually. Tea prices apparently are too high for many Chinese, which accounts for the low level of consumption.

A number of suggestions have been offered on ways to stimulate use, including freedom for growers to sell teas on the open market (tea sales now are under State monopoly), licenses for individual businessmen to buy and sell teas, easing of price controls and the establishment of a tea growers' association. The association would provide market information and upgrade production techniques, as well as assume unified supervision for national tea production, processing, sales and exports.—*Norman R. Kallemeyn, Agricultural Counselor, Beijing.*

Egypt

Strong Demand for Cigarettes Expected To Persist

Although per capita income is low (approximately $550 a year), cigarettes are considered "necessary luxuries" by the vast majority of Egyptians. And because the population is growing by about 2.8 percent every year, the market is a very good one for prospective tobacco exporters. Tobacco is not grown in Egypt, which means that all the supplies for the country's expanding cigarette industry must be imported.

"Cleopatra regulars" are the most popular Egyptian brand, accounting for up to 90 percent of consumption. Basically this is a filtered U.S.-style brand. However, use of U.S. tobacco in this and other popular brands is highly dependent on prices because of the scarcity of foreign exchange. Tobacco company officials report that U.S. tobacco currently represents only about 15-20 percent of popular brands, although the ideal proportion is about 40 percent. As long as U.S. prices are above world levels, credit programs and other concessional sales are essential to maintain a strong U.S. presence in the Eqyptian tobacco market.—*Clancy V. Jean, Agricultural Counselor, Cairo.*

France

Move Afoot To Increase Softwood Exports

France recently completed its first sale of softwoods to China—and if the Chinese are satisfied with this shipment, they might purchase as much as 200,000 cubic meters a year of French softwood logs.

Up to now, France has not been a very big exporter of softwoods. Exports of softwood logs last year totaled about 181,500 cubic meters, of which more than 90 percent went to

other members of the European Community. However, due to substantial plantings since 1947, French production of softwood logs is expected to increase by about 20 percent over the next decade and could double by the year 2010. It is for this reason that the French are moving now to develop markets for their softwood production. —*Ernest Koenig, Agricultural Counselor, Paris.*

Japan

Chicken Nuggets Catch On In Fast Food Market

Japan's Meat Processing Association estimates that consumption of processed chicken meat items rose by nearly a fifth last year to 19,539 metric tons. The growing popularity of "chicken nuggets" has played a part in this growth. One large hamburger chain in Japan reports good acceptance for its chicken nuggets, which it imports from the United States in breaded, pre-cooked form. Now a major meat processor in Japan has begun to make chicken nuggets from domestically produced chicken to supply to fast food restaurants and school lunch programs.—*William L. Davis, Agricultural Counselor, Tokyo.*

Pakistan

Modest Growth Likely in U.S. Soybean Meal Sales

With the expansion of its poultry industry and an increase in its livestock population, Pakistan has not only begun to cut back on its fishmeal exports, but also has begun importing soybean meal. The first such purchase, in late 1982, amounted to about 5,000 metric tons. This calendar year imports are projected at about 10,000 tons and the forecast for 1985 is 30,000 tons. U.S. soybean meal is expected to make up a sizable portion of the import total. —*John J. Reddington, Agricultural Attache, Islamabad.*

Singapore

Food Policy De-Emphasizing Imports

Singapore's food policy, which up to now has reflected a willingness to rely heavily on imports, apparently is shifting towards a greater emphasis on self-sufficiency. The country also has launched a number of joint venture farming projects locally and overseas in an effort to develop reliable sources of food. Joint ventures are one way in which Singapore is seeking to get around the problem of a limited local land supply.

Over the past five years, food production in Singapore has grown very little—in fact, land allocated for agriculture has been dwindling. However, the government recently earmarked 3,300 hectares of land in rural districts for long-term farming in an effort to keep control over its fresh food supply.

In addition, two large joint venture pig breeding farms, with a combined capacity of 30,000 head, have been established in cooperation with Thailand. Singapore also is involved in a joint swine operation in southern Thailand—and similar arrangements may be in the works in Malaysia for poultry and fisheries. —*James Iso, Agricultural Trade Officer, Singapore.*

Sri Lanka

Small Market May Develop For Imported Soybeans

With a population of about 15.3 million and a per capita income of about $300 a year, Sri Lanka is not a big market for U.S. oilseeds. Nevertheless, a government soya fortification project, part of an overall nutrition program, could result in greater food use of soybeans and consequently some imports.

In addition, government efforts to encourage industrial development in an Investment Promotion Zone, more popularly known as the Free Trade Zone, might open up opportunities for U.S. soybean processing firms. New firms located there would be in a position to cater to the needs of the expanding Southeast Asian markets for soybeans and products. —*W. Garth Thorburn, Agricultural Counselor, New Delhi.*

Soybean Exports to Spain-Portugal Spell Stiffer Product Competition

By Holly S. Higgins

U.S. soybean exports to Spain and Portugal have grown steadily in recent years, but U.S. exporters of soybean products—meal and oil—are now facing stiffer competition from these countries—primarily because of policy changes to aid domestic producers.

Spanish and Portuguese production of soybean meal and oil now exceeds domestic requirements and the surplus is being exported to the world market.

However, despite efforts to boost domestic production of oilseed crops, both Spain and Portugal continue to depend on imported soybeans to meet their feed requirements.

Drought conditions reduced production of domestic oilseeds in 1983—notably sunflowerseed—in both countries. Yet over the past few years, increased oilseed crushings for livestock and poultry feed have produced a surplus of vegetable oil and, more recently, protein meal.

This excess production led to the policy changes as farm officials in Spain and Portugal attempt to protect domestic olive oil and oilseed producers.

Spain has emerged as the world's third largest exporter of soybean oil, behind the United States and Brazil. Portugal, with its own protectionist policies, has made a similar shift, and in 1982, it became an exporter of soybean meal.

U.S. Processors' Group Files Petition

In response to the protectionist measures in both countries, the National Soybean Processors' Association (NSPA) in April 1983 filed a petition with the office of the U.S. Trade Representative (USTR) under Section 301 of the Trade Act of 1974, alleging that Spain and Portugal maintain policies which burden and restrict U.S. trade in soybean products.

In May 1983, the USTR accepted portions of the NSPA petition and a public hearing was held in June to consider trade issues. Bilateral consultations under GATT Article XXII were held in Spain and Portugal in late 1983. Based on these talks, further information exchanges and consultations should take place shortly.

U.S. exports to Spain of oilseeds and products, consisting mostly of soybeans and soybean meal, were valued at $549 million in 1983, compared with $721 million in 1982. Those to Portugal totaled $222 million in 1983 versus $177 million the year earlier, with the major products being soybeans and sunflowerseed.

A closer look at the oilseed sector in these two countries follows:

Spain—Olive oil is Spain's traditional vegetable oil for domestic consumers. Because yields normally fluctuate as much as 25 percent from year to year, the government's policy has concentrated on protecting Spain's olive oil producers through price supports, direct subsidies and tax rebates on exports.

However, as the Spanish livestock and broiler industries expanded over the years, large amounts of competing vegetable oils came onto the Spanish market as byproducts of oilseeds crushed for protein meals.

Domestic Expansion In Sun Oil Output

In addition to increased soybean oil production from imported soybeans—mostly from the United States,

Spain's efforts to promote alternate oilseed crops resulted in a dramatic increase in sunflowerseed oil production.

Rapidly expanding demand and the emergence of cheaper vegetable oils on the Spanish market led to a relative decline in olive oil consumption.

The government's traditional policy of protecting olive oil producers needed revamping to keep olive oil consumption at high levels.

Soybean Oil Consumption Limited by Quota System

Spain established a domestic marketing quota in 1976 to restrict the consumption of soybean oil. Originally set at about 240,000 tons, the quota has been progressively reduced to the current level of 90,000 tons.

These marketing quotas are announced each autumn after taking into account estimated olive oil and sunflowerseed oil production and consumption levels. Any residual vegetable oil requirements are allocated to soybean oil.

Although marketing quotas have reduced Spain's consumption of soybean oil, total vegetable oil consumption has increased substantially.

Meanwhile, both sunflowerseed oil and olive oil have benefited. The share of the traditional staple, olive oil, rebounded to 44 percent in 1982/83 while that for the relative newcomer, sun oil, rose to 33 percent. Together, these two oils are expected to account for more than 80 percent of Spanish vegetable oil consumption in 1983/84.

Spain Continues To Export Soybean Oil

Because soybean oil in excess of the marketing quota must be exported, Spain's soybean oil exports have risen dramatically over the past 10 years. They averaged only about 60,000 tons annually in the early 1970s before peaking at 478,000 tons in 1981/82.

Spanish soybean oil exports are expected to decline for the second straight time this year to 390,000 tons. But, they still benefit from tax rebates and preferential export financing schemes designed to enhance Spain's competitiveness on the world market. Spanish oil competes with the U.S. counterpart in such markets as Morocco, Tunisia and Yugoslavia.

Oilseed Policies Avoided In EC Accession Talks

This past February, officials of the European Community (EC) presented Spanish negotiators with a declaration on agriculture outlining the EC position on Spanish membership. However, they avoided any proposals on vegetable oils and oilseeds, which are to be discussed at some future date.

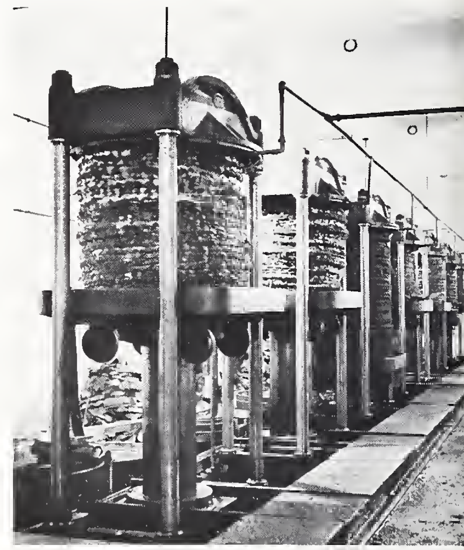
Spain's current domestic oilseed policy of extensive subsidies, taxes and quotas is a major issue yet to be worked out in accordance with the EC's Common Agricultural Policy (CAP). Plans call for negotiations to be completed in 1984, with Spain's accession to take place in January 1986.

Portugal—The most significant development in Portugal's oilseed industry in recent years has been the growth of a government-supported crushing industry.

Given negligible local production of oilseeds, imports of soybeans (chiefly from the United States) and sunflowerseed have increased. At the same time, imports of protein meal for feed purposes have fallen dramatically.

Procurement and price policies, as implemented by the government oilseed monopoly IAPO (The Olive and Oilseed Institute), have brought about these changes, which made Portugal self-sufficient in protein meals and a surplus producer of vegetable oils in 1983.

To keep vegetable oil stocks at reasonable levels and to help olive oil producers, the Portuguese government controls the vegetable oil market through domestic pricing programs that ensure healthy margins for the crushing industry.



Oilseed Production Off; Imports Up

Drought conditions in the major sunflowerseed producing areas have cut Portugal's oilseed production forecast nearly in half for 1983/84. However, domestic output of sunflowerseed and safflowerseed represents less than 2 percent of Portugal's annual oilseed crushing needs.

The country's rapidly expanding crushing capacity pushed total oilseed imports, especially soybeans, to a record high in 1982/83, with soybean imports peaking at 638,000 tons. Imports are forecast to decline in 1983/84 to 600,000 tons due to reduced world supply as well as Portugal's economic recession and foreign exchange prolems.

The United States has always been a major supplier of soybeans to Portugal.

In 1981/82, roughly 97 percent of Portugal's soybeans came from the United States. Because of a strong dollar and reduced Commodity Credit Corporation (CCC) credit guarantees, the U.S. soybean share is projected to fall slightly in 1983/84.

Excess of Meal and Oil

Portuguese imports of protein meal are projected at only 40,000 tons in 1983/84, down 75 percent from 1980/81.

Portugal's protein meal production last year was supplemented by minor palm kernel meal imports to help meet domestic feed requirements. No imports of soybean meal took place in 1982/83 and none are envisioned for 1983/84.

Crush is expected to slow down as a result of smaller soybean imports and a depressed livestock and poultry industry.

With its large crushing capacity, Portugal is faced with excess production of vegetable oils. To increase domestic consumption, especially of soybean oil, the Portuguese refining industry is trying to modernize its processing methods.

The government's stated policy is to link the price of all vegetable oils to the price of olive oil. Toward this end, it subsidizes olive growers to encourage production, and reduces price differentials between olive oil and other vegetable oils.

Oilseed Policy Liberalized

Portuguese oilseed procurement policy is being liberalized. The government monopoly, IAPO, was scheduled to be dissolved in June 1984, but this deadline was not met. Its function reportedly will be limited to issuing import licenses to individual importers. Previously, IAPO imported soybeans and sunflowerseed directly, after determining the requirements of feed compounders and refiners.

The liberalization of the oilseed sector is part of a broad agricultural program designed to ease Portugal's entry into the EC, which is scheduled for January, 1986.

Portugal's system of artificially supporting its oilseed processing industry is inconsistent with the EC's CAP and may complicate its accession to the Community.

The Portuguese government controls both domestic prices and imports of oilseeds, which is not permitted under CAP regulations. Also, IAPO must drastically alter its trade functions to conform with the EC agricultural policies.

As a member of the EC, Portugal must adopt the Community's common external tariff schedule; there are no duties on EC imports of soybeans and soybean meal. ■

The author is with the Oilseeds and Products Division, FAS. Tel. (202) 447-6234.

Trade Updates

Argentina Concludes Rice Sale With Iran

Argentina has announced a 60,000-metric-ton sale of rice to Iran—its first rice sale to that country and its largest single rice sale ever. The rice, which is to be shipped this year, is valued at roughly $24 million. —*Lawrence E. Hall, Agricultural Attache, Buenos Aires.*

Demand for Barley Strengthens in Mideast

Tight supplies in Middle Eastern and North African counties, where barley is an important feed grain, could mean an additional 1 to 1.5 million tons of import demand for the United States and other barley exporters outside the region.

In recent years, bumper harvests in Syria and Turkey allowed these countries to supply their Mediterranean neighbors with over a million tons of barley. But with relatively poor crops last season and rising domestic demand, exportable supplies have dwindled to the point that both Syria and Turkey could be out of the export market for the next few seasons.

Syria likely will remain out of the barley export market for the balance of 1983/84 now that its surplus stocks from bumper harvests in 1980 and 1981 have been exported. Turkey has not exported any barley since April 1983. In fact, this year Turkey has even imported 350,000 tons of barley from the United States and another 170,000 tons from Canada and West Germany in order to meet the requirements of the local feed industry and to ease rising price pressures. In order to stimulate production, Turkey has doubled its support prices for barley, but this will not influence the 1984 crop, which was planted several months ago. —*Allen Riffkin, FAS. Tel. (202) 447-2009.*

New EDB Import Rules Go Into Effect September 1

As of September 1, all nuts and vegetables coming into the United States will have to meet a nondetectible residue level for ethylene dibromide (EDB), as will all domestic produce in the U.S. market. This action is expected to reduce Caribbean shipments to this country in the short run, until alternative treatments are in operation. The United States has offered to help Caribbean countries develop such treatments through research exchange and the loan of scientific personnel.

Work on alternatives has been moving forward but the only two that are registered for immediate use are methyl bromide and phosphene. Research also looks promising for temperature control treatment (hot and cold or a combination of the two) for some commodities. However, additional work must be done to lower costs and achieve better quality control.—*Edmond Missiaen, FAS. Tel. (202) 382-8895.*

New Rail Rates Aid Canadian Alfalfa Pellets in Japan

A change in Canada's Western Grain Transportation Act is likely to increase competition for the United States in the Japanese forage and pulse market. Alfalfa pellets are now eligible for shipment under a subsidized rate schedule, which permits grains to move across the Prairies at only about one-fifth the cost for comparable distances in the United States.

The subsidized rail rates are expected to give Canadian alfalfa pellets a price advantage in the Japanese market, which in the past has been supplied primarily by the United States. In addition, Canadian exports to the United States could also increase. —*Mary Ponomerenko, FAS. Tel. (202) 447-2009.*

Possible Opportunity for U.S. Soybean Oil in Hong Kong

The government of Hong Kong has lowered the maximum permitted level for erucic acid in food products—which may set the stage for larger U.S. soybean sales to the Colony.

Erucic acid is found in high levels in the oil derived from older varieties of rapeseed, such as are still widely grown in China. Hong Kong's vegetable oil industry—which imported approximately 112,000 tons of oils in 1983—must now either increase its rapeseed oil purchases from other suppliers, such as West Germany or Canada, or substitute other oils. As a result, this could be an opportune time to promote U.S. soybean oils in Hong Kong.—*Philip L. Mackie, FAS. Tel. (202) 447-7037.*

U.S. Produce Marketing Tactics Surveyed in Singapore

More interaction between growers, packers and exporters could help the United States in its marketing of fruits and vegetables in Singapore. This, at least, was one of the findings of a recent survey of importers and transportation personnel there regarding U.S. marketing and shipping practices.

The respondents noted that better communication could lower the amount of damaged fruit. Also, they stressed that more attention should be given to the problem of produce arriving in an over-ripe condition through closer monitoring of the quality and maturity at the time of loading. Produce handling at the Singapore end also could be speeded by improved product labelling.

While packaging methods were generally deemed sufficient, those for refrigerated containers need improvement, according to the survey. Greater use of controlled atmosphere transportation facilities, which would prolong shelf life, would also help U.S. exporters compete more successfully against countries such as Australia. Increased promotional activities would also help in meeting this competition.—*James Iso, Agricultural Trade Officer, Singapore.*

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